



STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD**

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329

REGULAR BOARD MEETING
September 22, 2010

The Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board met in the Boardroom of the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington on September 22, 2010.

Board Members Present:

Kelly Fox, Chair
Jack Simington, Vice Chair
Greg Cuoio
Darla Hartley
Pat Hepler
Jeff Holy
Mark Johnston
Glenn Olson
Ryan Martin
Representative Geoff Simpson

Staff Present:

Steve Nelsen, Executive Director
Jessica Burkhart, Executive Assistant
Greg Deam, Senior Research and Policy Manager
Allen Nguyen, Developmental Job Assignment
Chad Standifer, Assistant Attorney General
Tim Valencia, Senior Research and Policy Manager

Kelly Fox, Chair, called the meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board to order at 9:31 a.m. The Board took a moment of silence to honor those who had fallen since the last time the members met.

1) July 28, 2010 Board Meeting Minutes

It was moved that the July 28, 2010 Board meeting minutes be adopted as presented. Seconded.

MOTION CARRIED UNANIMOUSLY

2) WSIB Update***Theresa Whitmarsh, Executive Director***

Theresa Whitmarsh, Executive Director of the Washington State Investment Board (WSIB), provided a report and presentation on the following WSIB update: Mission; Fundamental Policies; Organizational Structure; Total Assets Under Management; Performance and Market Values; Asset Allocation; Risk Management; and Future Challenges.

3) Strategic Plan Work Session***Steve Nelsen, Executive Director***

Executive Director Nelsen facilitated the *Strategic Plan Work Session*. By using the 2006-2010 Strategic Plan as a template, the Board developed new goals, measures, and actions for the 2011-2015 Strategic Plan.

Board staff will make the requested changes to the 2011-2015 Strategic Plan and will bring the updated plan to the October 27, 2010 meeting for review.

4) Administrative Update**Select Committee on Pension Policy (SCPP) Update*****Steve Nelsen, Executive Director***

Executive Director Nelsen provided an update on the most recent *SCPP meeting*. The SCPP heard the topic of Furloughs, but no action was made. Chair Schoesler invited the LEOFF Plan 2 Board to provide commentary if they still wished to have the item explored.

5) Risk Assessment***Matt Smith, State Actuary***

Matt Smith, State Actuary, presented the Office of the State Actuary's (OSA) *Risk Assessment* and findings for LEOFF Plan 2. Mr. Smith explained the risk assessment as a dynamic actuarial model using probabilistic analysis to generate random economic environments and the systems' response.

He stated the LEOFF Plan 2 investment income is on track, but volatility has contributed to short term funding challenges. Mr. Smith also stated that LEOFF Plan 2 received almost 100 percent of the required contributions and there has been a consistent growth in liabilities.

6) LEOFF 1/LEOFF 2 Funding Policy Coordination – Initial Consideration***Steve Nelsen, Executive Director***

Executive Director Nelsen provided an Initial Consideration on the *LEOFF 1/LEOFF 2 Funding Policy Coordination*. This issue is important because LEOFF Plan 2 employers are likely to incur increased costs when LEOFF Plan 1 comes out of fully funded status.

He explained the need for LEOFF Plan 1 funding policies to be developed and led a discussion concerning how much the LEOFF Plan 2 Board should be involved in determining those policies.

Ryan Martin requested cost data related to the LEOFF 1/LEOFF 2 funding policy.

It was moved to bring the topic of LEOFF 1/LEOFF 2 Funding Policy coordination back to a future meeting as necessary. Seconded.

MOTION CARRIED UNANIMOUSLY

7) Presumptive Medical – Preliminary Follow-Up Report
Tim Valencia, Senior Research and Policy Manager

Tim Valencia, Senior Research and Policy Manager provided a report and presented on *Presumptive Medical*. Mr. Valencia stated that law enforcement officers in LEOFF Plan 2 do not have any occupational illness and injury presumptions. He explained that fire fighters currently have heart, respiratory, cancer, and disease presumptions. However, these presumptions do not apply to law enforcement officers.

Mr. Valencia provided the following three options for the Board members to review:

1. Create a law enforcement presumption for heart problems.
2. Create a law enforcement presumption for infectious diseases.
3. Create a law enforcement presumption for cancer.

The Board moved the topic of Presumptive Medical to the Final Proposal stage. Options 1 and 2 will be brought back to the Board at an upcoming meeting with cost information. Seconded.

MOTION CARRIED UNANIMOUSLY

PUBLIC TESTIMONY:

Renee Maher, Executive Director of the Council of Metropolitan Police and Sheriffs (COMPAS), spoke in favor of Presumptive Medical. Ms. Maher introduced Vanessa Walsh.

Vanessa Walsh, widow of Brian Walsh, spoke to the Board concerning the death of her husband and that she is being denied survivor benefits.

Dick Warbrouck, President of the Retired Fire Fighters of Washington, expressed concerns regarding the LEOFF1/LEOFF 2 funding policy coordination. Mr. Warbrouck is troubled with employers being given the unfunded liability.

8) Agenda Items for Next Meeting

Executive Director Nelsen reviewed the agenda items for the October meeting.

Next Meeting

The next meeting of the LEOFF Plan 2 Retirement Board is scheduled for October 27, 2010 from 9:30 a.m. – 3:00 p.m. at the Washington State Investment Board located at 2100 Evergreen Park Drive S.W., Olympia, Washington 98502.

There being no further business, the meeting adjourned at 1:35 p.m.